

Message Text

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13

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 NEA-14 ISO-00 USIA-15 PA-04 PRS-01

IO-14 FEA-02 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-03

COME-00 DODE-00 FPC-01 H-03 INR-11 INT-08 L-03

NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01 SCI-06

SP-03 SS-20 STR-08 TRSE-00 FRB-03 DRC-01 /218 W

----- 123809

R 200727Z AUG 74

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 3923

INFO AMEMBASSY ABU DHABI

USINT BAGHDAD

AMCONSUL BRISBANE

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMCONSUL MELBOURNE

USMISSION OECD PARIS

AMCONSUL PERTH

AMCONSUL SYDNEY

AMEMBASSY TEHRAN

AMEMBASSY WELLINGTON

C O N F I D E N T I A L CANBERRA 5476

E.O. 11652: GDS

TAGS: EINV, ENRG, OPEC, OECD, AS

SUBJ: FOREIGN DIRECT INVESTMENT BY OIL PRODUCING NATIONS

REF: (A) STATE 178868 (NOTAL) (B) CANBERRA 5321 (NOTAL) (C)

CANBERRA A-109 (NOTAL) (D) CANBERRA 0392 (NOTAL)

1. FOLLOWING ARE EMBASSY COMMENTS ON QUESTIONS RAISED REF (A).
THEY REFLECT EMBASSY ASSESSMENT OF PROBABLY GOA ATTITUDE. WE
HAVE NOT DISCUSSED QUESTIONS SPECIFICALLY WITH GOA.

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2. RE QUESTION 1(A) REFTEL (A) - LABOR GOA ELECTED LATE 1972 HAS

TAKEN PROGRESSIVELY MORE RESTRICTIVE ATTITUDE TOWARD INCOMING FOREIGN INVESTMENT AND HAS ANNOUNCED ITS INTENTION TO EXTEND GUIDELINES GRADUALLY TO EXISTING FOREIGN-OWNED INVESTMENTS. GOA NOW SCREENS ALL NEW INVESTMENT PROPOSALS INVOLVING OVERSEAS CAPITAL TO DETERMINE WHETHER THEY WOULD SERVE "NATIONAL INTEREST" (REF B). OBJECTIVE IS MAXIMUM FEASIBLE AUSTRALIAN OWNERSHIP AND CONTROL OF LOCAL RESOURCE PROJECTS AND INDUSTRIES. STATED OBJECTIVE FOR ENERGY INDUSTRIES -URANIUM, PETROLEUM, NATURAL GAS AND BLACK COAL - IS 100 PCT. AUSTRALIAN OWNERSHIP. GOA WOULD ALMOST CERTAINLY EXPECT ANY INVESTMENT FROM OPEC COUNTRIES TO ENTER ON SAME BASIS AND SUBJECT TO SAME GUIDELINES AS FOREIGN INVESTMENT FROM OTHER SOURCES.

3. THERE IS WIDESPREAD BELIEF THAT BROADENED AUSTRALIAN INDUSTRY DEVELOPMENT CORPORATION WOULD BE LIKELY TO PLAY AN IMPORTANT ROLE IN CONNECTION WITH ANY MAJOR INVESTMENTS BY OPEC COUNTRIES IN AUSTRALIA. WHILE LEGISLATION TO ENLARGE AIDC ROLE IS TEMPORARILY HELD UP BY SENATE, IT IS STILL EXPECTED EVENTUALLY TO BE ADOPTED. IN THAT EVENT, AIDC MIGHT BE USED TO CHANNEL SOME TYPES OF MAJOR INVESTMENTS FROM ABROAD.

4. RE QUESTION 1(B) REFTEL (A) - WE BELIEVE GOA WOULD NOT BE GREATLY AFFECTED BY CHANGES IN USG POLICY ON INCOMING FOREIGN DIRECT INVESTMENT (FDI). AUSTRALIA CURRENTLY HAS LIMITED ROLE AS CAPITAL EXPORTER, AND WOULD FEEL LITTLE DIRECT EFFECT OF US POLICY. ANY EFFECT IS THEREFORE MORE LIKELY TO BE FOUND IN US EXAMPLE FOR AUSTRALIA'S OWN POLICY TOWARD INCOMING FDI (SEE REFTEL D).

5. EMBASSY ACCORDINGLY SEES NO REASON TO BELIEVE THAT GOA WOULD BE PREPARED TO GIVE SPECIAL TREATMENT TO ANY OPEC INVESTMENT PROPOSALS. WE NOTE HOWEVER THAT SHAH OF IRAN WILL VISIT AUSTRALIA IN SEPTEMBER AND THIS VISIT MAY PROVIDE BETTER EVIDENCE OF POSSIBLE GOA ATTITUDES ON THIS POINT.

6. IN THIS GENERAL CONNECTION, EMBASSY WOULD WELCOME ANY OBSERVATIONS WHICH POSTS IN OPEC COUNTRIES CAN OFFER ON RELATED QUESTION OF WHAT KIND OF TREATMENT, SPECIAL OR OTHERWISE, THE OPEC COUNTRIES ARE LIKELY TO DEMAND OR BE WILLING TO ACCEPT IN CONNECTION WITH INVESTMENTS
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IN AUSTRALIA.
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Message Attributes

Automatic Decaptioning: X
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Draft Date: 20 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
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Disposition Date: 28 MAY 2004
Disposition Event:
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Disposition Reason:
Disposition Remarks:
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Errors: N/A
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Handling Restrictions: n/a
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